

Message Text

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16

ACTION ARA-20

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-03

COME-00 DODE-00 EB-11 FPC-01 H-03 INR-11 INT-08 L-03

NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01 SCI-06

SP-03 SS-20 STR-08 TRSE-00 FRB-03 PA-04 USIA-15

PRS-01 DRC-01 FEA-02 /174 W
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R 061914Z SEP 74

FM AMEMBASSY CARACAS

TO AMEMBASSY SAN JOSE

INFO SECSTATE WASHDC 5792

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

LIMITED OFFICIAL USE CARACAS 8782

E.O. 11652: N/A

TAGS: ENRG, VE, CS

SUBJECT: POSSIBLE LARGE-SCALE VENEZUELAN INVESTMENT IN
COSTA RICA

REF: SAN JOSE 3355

1. BRIEF VERSION OF SUBJECT REPORT APPEARED IN CARACAS PRESS
SEPTEMBER 5. PRESIDENT ODUBER WAS REPORTED IN PRESS ARTICLE TO
HAVE SENT PRESIDENT PEREZ A LETTER FIRING UP REFINERY PROJECT.

2. AT WORKING LEVEL IN BOTH MINISTRY OF MINES AND HYDROCARBONS
AND VENEZUELAN PETROCHEMICAL INSTITUTE, THE COSTA RICAN REFINERY
CONTINUES TO BE NON-STARTER. DIRECTOR OF PETROLEUM ECONOMICS
ALBERTO FLORES STATED THAT HIS MINISTRY DOES NOT EVEN CONSIDER

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THAT SUCH A PROJECT EXISTS. HE ACKNOWLEDGED THAT A VENEZUELAN
TEAM VISITED COSTA RICA TO STUDY THE IDEA, BUT QUICKLY CON-

CLUDED THAT REFINERY TO SERVE CENTRAL AMERICA WOULD NOT BE ECONOMICALLY FEASIBLE. THIS IS WHERE THE MATTER STANDS NOW.

3. EMBASSY DOES NOT DISCOUNT THAT SUCH A PROJECT MAY GO FORWARD FOR POLITICAL REASONS, IN PART DUE TO THE SPECIAL RELATIONSHIP BETWEEN THE TWO PRESIDENTS. ASKED WHETHER VENEZUELA IS STILL OPPOSED TO A PREFERENTIAL OIL PRICE FOR CENTRAL AMERICAN COUNTRIES, AND WHETHER A REFINERY PROJECT WOULD NOT SERVE AS A VEHICLE FOR PERMITTING LOWER PRICE STRUCTURE FOR PETROLEUM PRODUCTS DESTINED FOR CONSUMPTION IN CENTRAL AMERICA, FLORES SURPRISINGLY REPLIED THAT THERE ARE WAYS WHEREBY THIS MIGHT BE ACCOMPLISHED.

4. PEDRO TINOCO IS A PROMINENT LAWYER/BUSINESSMAN/CONSERVATIVE POLITICIAN WHO RAN AS A PRESIDENTIAL CANDIDATE IN 1973. HE HAS SUBSEQUENTLY BEEN NAMED PRESIDENT OF THE PRIVATE BANCO LATINO-AMERICANO DE VENEZUELA. ONLY GOVERNMENT ROLE HE IS KNOWN TO HAVE AT MOMENT IS MEMBERSHIP ON COMMISSION TO STUDY REFORM OF PUBLIC ADMINISTRATION AND HEAD OF PUERTO CABELLO COMMISSION TO PROMOTE STEEL INDUSTRY IN THAT CITY. HE IS NOT FELT TO HAVE ANY SPECIAL RELATIONSHIP WITH PRESIDENT PEREZ, AND CLAIM TO BE FINANCIAL SECTOR COORDINATOR WOULD BE HOTLY CONTESTED BY SENIOR GOV ECONOMIC AND FINANCIAL OFFICIALS.

5. EMBASSY WILL REPORT ANY FURTHER DEVELOPMENTS.
FISHER

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